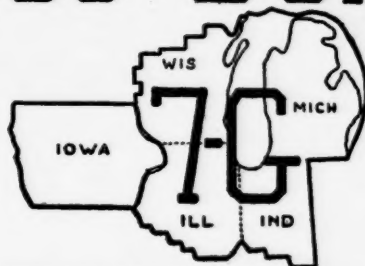


BUSINESS CONDITIONS

SEVENTH
FEDERAL



RESERVE
DISTRICT

Volume 10, No. 8

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August 1, 1927

BUSINESS CONDITIONS IN THE UNITED STATES

THE output of industry declined substantially in June to a level close to that of a year ago, reflecting reduced activity both in mines and in factories. The value of building contracts awarded was the largest for any month on record. The general level of prices remained practically unchanged.

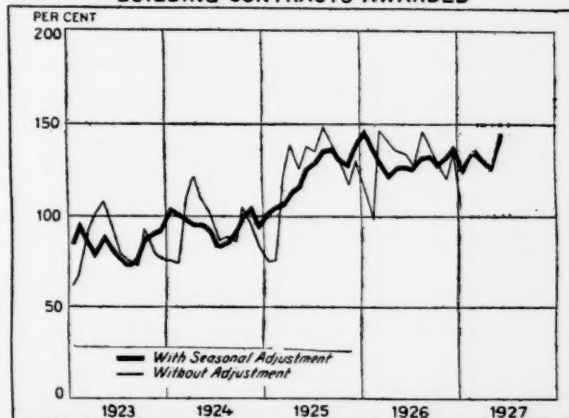
PRODUCTION—Production of iron and steel and automobiles declined considerably in June, and curtailment in these industries continued during the early part of July. There were also decreases in June in silk deliveries, sugar refining, and production of lumber, copper, and anthracite coal. Cotton and woolen mills continued active for this season of the year, and consumption of raw cotton was larger than in any previous June on record. Meat packing, shoe production, and the manufacture of building material showed increases. Production of manufactures as a group was slightly larger in June than in the same month of 1926, but output of minerals, owing largely to decreased production of coal, was in smaller volume than a year ago. The value of building contracts awarded in June was larger than in any previous month on record, owing chiefly to the steady increase within recent months of contracts for public works and public utilities. Awards were particularly large, as compared with previous months of this year and with June of last year, in the New York and Chicago Federal Reserve districts. Contracts were awarded during the first

half of July in practically the same volume as in the corresponding period of last year.

On the basis of conditions on July 1, forecasts of the Department of Agriculture indicate increases as compared with the 1926 harvested production in the output of wheat, oats, barley, rye, hay, and potatoes, and decreases in corn, tobacco, and the principal fruit crops. Cotton, for which no production estimate was given, shows a decrease of 12 per cent in acreage planted, while the total area planted to all crops shows a reduction of 2 per cent. A reduction of 371,000,000 bushels in the estimated production of corn, as compared with 1926, indicates the smallest crop since 1901.

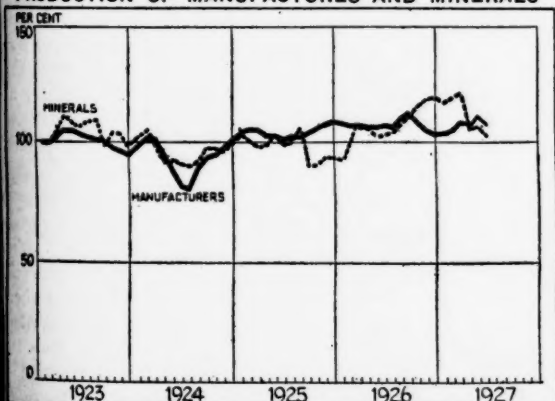
TRADE—Wholesale trade in most leading lines increased slightly between May and June, while retail trade showed less than the customary seasonal decline. Sales of department stores were in about the same volume as a year ago, while those of mail order houses and chain stores were larger. Sales of meat, dry goods, and hardware at wholesale were smaller than in June of last year, while sales of groceries, shoes, and drugs were about the same in volume. Inventories of department stores declined further to a level about 3 per cent below that of June, 1926. Stocks carried by wholesale firms showed no change for the month and were smaller than a year ago.

BUILDING CONTRACTS AWARDED



Federal Reserve Board's indexes of building contracts awarded, as reported by the F. W. Dodge Corporation, (1923-1925 average =100). Latest figures, June, 1927: With Seasonal Adjustment, 144; Without Seasonal Adjustment, 154.

PRODUCTION OF MANUFACTURES AND MINERALS



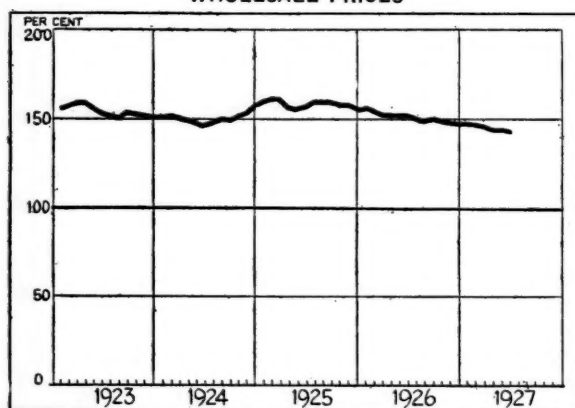
Index numbers of production of manufactures and minerals, adjusted for seasonal variations (1923-1925 average=100). Latest figures, June, 1927: Manufactures, 108; Minerals, 103.

Compiled July 27, 1927

Daily average freight carloadings failed to show the customary seasonal increase between May and June, and were in smaller volume from early in May to the middle of July than during the corresponding period of last year. Shipments of almost all groups of commodities have been smaller than a year ago. The largest declines occurred in the shipments of coal and coke.

PRICES—The general level of wholesale commodity prices, according to the Bureau of Labor Statistics index, continued practically the same in June as in the two preceding months. The prices of agricultural commodities as a group declined slightly, while the average for the non-agricultural group remained practically unchanged. There were declines between May and June in the prices of silk, iron and steel, nonferrous metals, building materials, and rubber, and advances in grains, cotton, hides and skins, and anthracite coal. During the first three weeks of July prices of wheat, bituminous coal, iron and steel, and rubber declined, while those of live stock, cotton, wool, copper, and hides advanced.

WHOLESALE PRICES



Indexes of U. S. Bureau of Labor Statistics (1913=100). Latest figure, June, 1927: 143.7.

BUSINESS CONDITIONS IN THE SEVENTH RESERVE DISTRICT

Current reports for the Seventh district indicate reduced operations in many of the leading manufactures, but frequent instances of broadening activity, a fair volume of trade, and agricultural prospects responding to the seasonable weather prevailing.

Among the first named may be noted the decline during June in output of steel mills and automobile factories. Industrial employment in the aggregate for the district, however, expanded slightly, contrary to the usual seasonal trend. Contributing to the gain were increases at shoe plants and slaughtering establishments. Building construction continued to increase, contracts awarded during June far exceeding the May volume and that of a year ago; the number of permits declined in both comparisons.

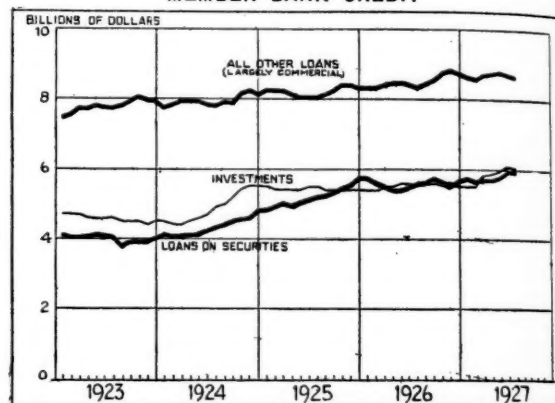
June distribution of automobiles was smaller than the volume sold in May or in June of last year. Sales of farm machinery and of retail lumber advanced in the monthly comparison but were below June, 1926; wholesale lumber trade was ahead of both the preceding month and last year. Brick and cement shipments increased during the month. Dry goods and drug wholesalers averaged gains over May but sold less than a year ago; hardware and shoe dealers showed declines in both comparisons and grocery firms increases. Department store sales nearly

BANK CREDIT—The demand for member bank credit decreased from the latter part of June to the middle of July, and on July 20 the loans and investments of member banks in leading cities were more than \$200,000,000 lower than a month before. The decline was principally in the banks' investment holdings and in loans secured by stocks and bonds. Loans for commercial, agricultural, and industrial purposes decreased by about \$45,000,000.

Demand for reserve bank credit in connection with settlements at the end of the fiscal year and increased currency requirements over the holiday period carried total discounts for member banks on July 6 to the highest level since the first of the year. Thereafter, largely in consequence of the return flow of currency from circulation, there was a decreased demand for member bank accommodation, and on July 20 total discounts were in somewhat smaller volume than four weeks earlier. Holdings of United States securities showed a slight increase during July.

Conditions in the money market, after seasonal firmness at the end of June, were easier in July.

MEMBER BANK CREDIT



Monthly averages of weekly figures for banks in 101 leading cities. Latest figures, averages for first three weekly reporting dates in July, 1927: All Other Loans, \$8,614 million; Loans on Securities, \$5,944 million; Investments, \$6,015 million.

equaled the May figures, and slightly exceeded June, 1926. The wool market was reported more active.

Corn growth progressed rapidly during the hot weather, but is still several weeks late, and will require favoring influences during the remainder of the season to mature; among other crops may be noted the heavy hay and forage yields, the fairly good condition of beans and sugar beets, and the drop from last year in the pea canning forecast. Grain marketing during June comprised noticeably heavy receipts of corn, reduction in oats, and wheat arrivals slightly in excess of the usual volume. Manufacture and distribution of dairy products and of flour showed seasonal gains.

An outstanding financial development during June was the readjustment in the bond market with the curtailment of new offerings and the lowering of prices. Other changes included an increase in the volume of commercial paper sales, slight advances in savings deposits and check payments, and a reduction in open bill market operations and in the amount of bankers' acceptances outstanding.

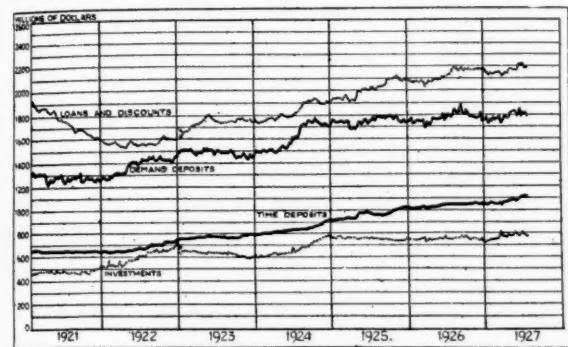
CREDIT CONDITIONS AND MONEY RATES

Usual mid-summer conditions are evident in the credit situation of the Seventh district. Weather favorable to the growth of corn has resulted in generally better business in many agricultural sections, where nearly all lines

are influenced by the condition of that crop. In Chicago no developments of special interest have taken place in the money market. Funds have continued in volume more than sufficient to meet demands which have been only moderate. Rates are substantially as a month ago, viz., commercial paper 4 to 4½ per cent, collateral loans 4½ to 5 per cent, and customers' over-the-counter loans, 4½ to 5 per cent. The average rate earned by ten loop banks during June was 4.90 per cent, unchanged from the figure shown for May; in June a year ago this rate was 4.88 per cent. The prevailing rate on commercial loans in Detroit for the week ending July 15 was 4½ to 6 per cent. The average rate earned by six of the larger banks in the latter city during June was 5.40 per cent, compared with 5.39 in May and 5.29 in June, 1926.

Total bills and securities of the Federal Reserve Bank of Chicago during recent weeks have been at the highest levels since the early months of the year, dropping on July 13, however, to \$128,404,000 from the \$160,559,000 reported the preceding week. On July 20 this item rose to \$141,442,922. The same trend has been indicated by loans to member banks, \$55,207,000 on July 20 comparing with \$44,307,000 on July 13 and \$75,656,000 July 6. Federal Reserve notes in circulation on July 6 touched the highest point (\$244,521,000) since January 5, when \$245,440,000 was shown. A drop of about \$3,500,000 took place on July 13. The down trend continued on July 20 when \$235,388,000 was reported.

POSITION REPORTING MEMBER BANKS, 7TH DISTRICT



*Break in curve indicates data not comparable with preceding. Based on weekly reports to this bank by approximately 49 member banks in Chicago, 13 in Detroit, and 44 in other selected cities. Latest figures, July 20, 1927, in thousands of dollars: Loans and Discounts, 2,194,725; Demand Deposits, 1,789,636; Time Deposits, 1,107,410; Investments, 774,260.

Loans and discounts of reporting member banks in the Seventh district since the early part of June have been at the highest levels on record; the peak was reached on June 29, with \$2,214,741,000, since which date the trend has been downward, \$2,187,762,000 being reported July 13, followed by a rise to \$2,194,725,000 July 20. Large commitments on stocks and bonds in Chicago and Detroit account for the enlarged volume of loans and discounts; commercial loans in these cities have been exhibiting a downward trend since May. Investments have also been in large volume; the \$803,086,000 reported on June 29 has been exceeded only by the \$803,362,000 March 23. A decreasing volume was reported on July 13 and 20; the figure on the latter date was \$774,260,000. Net demand deposits have shown wide week-to-week fluctuations with no established trend, but have been in considerably lower volume than on the peak date, June 15. On the first reporting date in July, time deposits reached an aggregate of \$1,110,585,000, a record volume, declining to \$1,105,237,000 on

July 13. On the subsequent reporting date, July 20, time deposits totaled \$1,107,410,000.

Sales of commercial paper during June by the eleven houses reporting to this bank aggregated 8.7 per cent more than the May volume, but 13.4 per cent under the amount a year ago; individually seven dealers registered increases in the former comparison, while nine showed declines from June, 1926. Rates remained steady, all firms quoting 4 for low, and with one exception 4½ for high; customary ruled at 4¼. Of the five dealers reporting the volume of paper outstanding at the end of the month, four showed reductions as compared both with May 31 and with June 30, 1926; for the group the monthly decrease amounted to 4.4 per cent and the yearly to 5.1 per cent. Outstandings for twenty-six dealers located throughout the country totaled \$579,323,000.

Operations in the Chicago open bill market from June 16 to July 13 were of smaller volume than during the preceding four weeks, two of the regularly reporting dealers indicating no transactions during the period, and the other four showing declines in purchases and all but one in sales. The volume bought from acceptors fell off 36.0 per cent, and that from others 31.3 per cent. Sales to the Federal Reserve Bank declined 31.1 per cent, to local banks 36.6, to out-of-town banks 57.9, and to others 46.9 per cent. Receipts of paper from other offices were less than half the volume of the preceding period, but forwardings were much heavier. Rubber, grain, packing-house products, canned goods, tobacco, sugar, poultry, and eggs constituted the chief items for which bills were drawn. Rates during the period were steady, with thirty-day paper offered at 3½, sixty- at 3¾, ninety-day at 3¾@3¼, and five- and six-month paper at 3¾. Holdings on July 13 totaled 67.1 per cent of the amount held the middle of June.

Of the sixteen banks furnishing data on June acceptances, seven indicated gains over May in the volume accepted, four declines, and five banks reported no bills accepted, the group averaging a decrease of 29.8 per cent; in comparison with June, 1926, the reduction of 9.1 per cent reflects seven declines and four increases. Transactions during the first two weeks of July covered principally cotton, provisions, rubber, grain, sugar, iron, coffee, tea, and burlap. June purchases were the heaviest for the year, and sales next to the March peak; both items exceeded each month of 1926; the volume bought was double the purchases in June last year, and 81.1 per cent above those in May, 1927; sales advanced 27.4 and 60.0 per cent in the corresponding comparisons. The amount of liability of the banks as acceptors for acceptances outstanding on June 30 dropped to the lowest since August, 5.2 per cent below May 31, and 12.6 per cent under a year ago. The total volume of bills held, as well as the banks' own bills, at the end of June amounted to about 70 per cent of the May 31 holdings. The Federal Reserve Bank of Chicago held \$30,951,859 at the close of June; purchases during the month totaled \$30,558,441.

Volume of Payment by Check—An aggregate of \$6,341,457,000 in June was shown by thirty-seven clearing house cities reporting volume of payment by check, an increase of 1.9 per cent over May and of 5.5 per cent over June, 1926. The four larger cities, Chicago, Detroit, Milwaukee, and Indianapolis, gained 1.7 per cent over the preceding month and 6.3 per cent over June last year. Thirty-three smaller cities showed a gain of 3.1 per cent in the monthly comparison and of 1.0 per cent as compared with June, 1926. In Chicago, a total of \$3,949,796,000 in June this year, represented a decline of 0.1 per cent from the May aggregate, but a gain of 9.6 over June a year ago.

Savings—The aggregate number of savings accounts on July 1, as reported by 212 banks in this district, was practically the same as on June 1, gains which brought Illinois and Michigan to new totals being offset by declines in Indiana, Iowa, and Wisconsin; all five states showed increases over July 1, 1926, averaging for the group 3.2 per cent; individually 125 banks registered advances in the monthly comparison, and 141 in the yearly.

In amount of deposits, Michigan banks reached a new peak, Illinois and Iowa exceeded the June 1 figures but were under a year ago, while Indiana and Wisconsin dropped below the preceding reporting date but maintained increases over July 1, 1926; district advances amounted to 1.0 per cent over June 1 and 1.5 per cent over a year ago.

AGRICULTURAL PRODUCTION AND FOODSTUFFS

Corn progressed fairly well in the Seventh district during the last week of June, after having been hampered by unfavorable weather throughout the spring. July 1, however, found many late plantings but slightly above ground, some early fields knee to waist high, and average condition of the crop as a whole at one of the lowest points for that date on record. The lateness of the season accounted for a further reduction in acreage from intentions at the beginning of June. By the middle of July, corn had shown considerable improvement, although rain was badly needed in some localities and a continuation of the warm weather throughout the district to promote growth of the plant. Hay and forage yielded abundantly, July 1 prospects for small grain with exception of barley were a little below the five-year average, and the bean and sugar beet crops were in fairly good condition. Wheat and rye approached the harvest, and oats were headed in most of the district with exception of the extreme north. Intense heat accompanied by dry weather during the first week of July proved somewhat detrimental to oats, barley, garden truck, and fruit.

The Bureau of Agricultural Economics estimates that the five states including the Seventh Federal Reserve district have devoted 19,520 acres to commercial cabbage and 14,030 acres to commercial onions in 1927, compared with 19,270 and 16,900 acres, respectively, a year ago. A crop of 82,700 tons of green peas for manufacture is forecast by the same authority for Wisconsin, Michigan, Illinois, and Indiana in comparison with the 1926 harvest of 141,900 tons. Michigan growers set out 3,830 acres to celery this season against 3,720 acres last year. Illinois production of broom corn is expected to aggregate 5,600 tons compared with 7,800 tons in 1926.

CROP PRODUCTION

Estimated by the Bureau of Agricultural Economics as of July 1
(In thousands of bushels unless otherwise specified)

	SEVENTH DISTRICT		UNITED STATES		5-Yr. Av. 1922-26
	FORECAST 1927	FINAL 1926	FORECAST 1927	FINAL 1926	
Corn	692,998	910,389	2,274,424	2,645,031	2,766,197
Oats	516,315	496,001	1,349,026	1,253,739	1,353,101
Winter Wheat	63,407	66,262	579,416	626,929	555,915
Spring Wheat	5,259	3,453	274,218	205,376	251,715
Barley	49,534†	42,079†	242,730	191,182	193,814
Rye	10,537†	10,415†	61,820	40,024	63,677
Potatoes (white)	60,634	61,008	392,943	356,360	394,182
Potatoes (sweet)	1,455***	2,069***	86,212	83,658	81,292
Apples (total crop)	17,025†	27,830†	136,701	246,460	199,223
Peaches	2,121†	5,221†	45,462	68,425	54,014
Pears	1,104†	2,120†	17,650	25,644	20,756
Dry Beans	6,290††	6,692††	17,932	17,138	16,283
Tobacco*	34,522	35,226	1,099,114	1,323,388	1,342,661
All tame hay**	20,689	16,520	101,035	86,378	90,943

*In thousands of pounds. **In thousands of tons. ***Indiana, Illinois, and Iowa. †Five states including Seventh District. ††Michigan and Wisconsin.

Bonds—For several weeks the bond market experienced a rather dull period, attributable in part to the usual summer quiet, but mostly reflecting a reaction from the continually rising prices. New issues had been coming out too fast to move at the asked rates, and dealers' shelves became overloaded. To relieve the situation, price restrictions were removed, and many issues allowed to sell at market levels. When offered at attractive prices, they have been distributed without difficulty. The decrease in the amount of new offerings has further favored conditions, and interest and dividend payments on July 1 stimulated demand somewhat. The real estate bond market remains satisfactory.

Grain Marketing—Interior primary markets in the United States received much larger tonnages of corn and considerably smaller quantities of oats in June than in the preceding month, a year ago, or the 1922-26 average for the period. Wheat arrivals exceeded those of May and were a little above the usual seasonal volume, but below last year or 1925. June reshipments of wheat and corn from these centers increased and those of oats declined in comparison with the preceding month and June, 1926, while all showed some recession from the five-year average for June. Visible supplies of wheat, corn, and barley in the United States were greater and those of oats and rye smaller on July 9 than for the corresponding Saturday of June. Wheat and corn holdings exceeded a year ago, but inventories of other grain were lower. The volume of trading in grain futures by members of the Chicago Board of Trade gained 4.4 per cent over May and was 34.6 per cent above June, 1926. Quotations for wheat, corn, and rye averaged higher for June than in May, while oat prices remained steady. Grains, with the exception of rye, trended upward in price during the early part of July and then eased toward mid-month.

Meat Packing—Slaughtering establishments in the United States reported June production above May. Employment for the last payroll in June increased 3.3 per cent in number of employees, 7.0 per cent in hours worked, and 5.8 per cent in total pay over corresponding figures a month previous. Sales billed to domestic and foreign customers by sixty-one meat packing companies in the United States declined 3.7 per cent in total value from May and were 11.1 per cent under June last year. Domestic demand ranged between fair and good at the beginning of July and displayed a tendency toward improvement. Chicago quotations for pork and mutton were lower in June than for the preceding month, while those of lard and veal advanced. Beef prices averaged about on a level with May, although butcher cattle and common quality steers eased a little, and quotations for choice heavy steers firmed slightly. Inventories at packing plants and cold-storage warehouses in the United States were heavier on July 1 than at the beginning of the preceding month, a year ago, or the 1922-26 average for the date. Beef holdings declined, however, in all three comparisons; dry salt pork stocks receded somewhat from the five-year average; and inventories of lamb, mutton, and miscellaneous meats fell below those of July, 1926.

June shipments of packing-house edible products for export aggregated somewhat in excess of May, part of this gain being attributable to the consignment of lard to European representatives in anticipation of autumn demand. Foreign trade continued in fair volume during early June and then tended to slacken later. Consignment inventories

abroad and in transit to Europe were reported slightly heavier for July 1 than for the preceding month. Prices in the United Kingdom, and to a lesser degree on the Continent, remained below Chicago parity, with the spread on a number of items wider than at the beginning of June.

Dairy Products—Butter manufactured in June by sixty-four creameries in the Seventh district totaled 10.1 per cent larger in volume than in May and was 11.5 per cent in excess of production a year ago. A similar trend was shown in the statistics of the American Association of Creamery Butter Manufacturers. June sales tonnage of creamery butter billed to customers by sixty-six companies in the Seventh district increased 13.9 per cent over the preceding month and rose 4.6 per cent above June last year. The quantity of American cheese received at Wisconsin primary markets from factories within that state aggregated 22.2 per cent greater for the four weeks ended July 2 than for the preceding period, and exceeded a year ago by 1.1 per cent; redistribution from these centers gained 10.9 per cent and declined 0.7 per cent, respectively, in these comparisons. Larger tonnages of butter and smaller quantities of eggs and cheese arrived in Chicago during June than in May. Cold-storage holdings of dairy products in the United States showed a seasonal expansion on July 1 over the beginning of June and were above the 1922-26 July average. Inventories of butter and eggs increased while cheese holdings declined in comparison with the corresponding date of 1926. Chicago quotations for cheese held about steady and those for butter showed a small decline in June from the preceding month. Egg prices reached a low level during the first week of June but trended upward later so that the average for the month as a whole fell only slightly below May.

MANUFACTURING ACTIVITIES AND OUTPUT

Automobile Production and Distribution—June output of passenger automobiles by manufacturers in the United States totaled 274,374, a decline of 22.1 per cent from the preceding month and of 19.2 per cent from June a year ago; for the first six months of 1927, production aggregated 14.1 per cent less than in the corresponding period of 1926. Trucks manufactured during June in the United States numbered 40,178, or 7.1 per cent under May and 1.5 per cent below June last year; for the half year, truck output showed an increase of 5.5 per cent over the first half of 1926.

MIDWEST DISTRIBUTION OF AUTOMOBILES

	JUNE, 1927		FIRST SIX MONTHS, 1927		CHANGES COMPANIES INCLUDED	
	MAY 1927	JUNE 1926	FROM SAME PERIOD 1926	MAY 1927	JUNE 1926	6-Mo PERIOD
New cars						
Wholesale—						
Number sold	—39.1	—21.1	+ 3.1	30	27	27
Value	—33.3	—25.8	— 7.8	30	27	27
Retail—						
Number sold	—16.8	—27.7	—24.4	74	71	71
Value	—11.2	—14.8	—18.0	74	71	71
On hand June 30—						
Number	— 7.4	+ 1.2	—15.9*	46	42	39
Value	— 9.2	+ 3.5	— 8.2*	46	42	39
Used cars						
Number sold	+ 2.5	+ 8.0	+ 9.5	76	72	72
Salable on hand—						
Number	—11.3	—16.3	— 3.3*	45	42	41
Value	— 0.7	—16.2	+ 2.5*	45	42	41

*Average monthly.

For the first half of the year 1927, retail automobile distribution in the Middle West was considerably under that of the same period in 1926, sales of seventy-one dealers declining 24.4 per cent in number and 18.0 per cent in value. Sales of twenty-seven wholesale distributors for the six months were 3.1 per cent greater in number in this comparison and 7.8 per cent less in value; sales of used cars

Movement of Live Stock—June receipts of hogs at public stock yards in the United States exceeded those of any other month in 1927 with the exception of January, and were above the corresponding period of the two preceding years, although a little below the 1922-26 June average. Cattle and lambs arrived in smaller volume than a year ago and declined from the high level of May, with the former showing a recession and the latter a gain as compared with the five-year average for June. Feed lots contributed fairly liberal supplies of light weight steers and rather limited quantities of choice heavy cattle during the month, while the ranges and pastures marketed greater numbers of grasser animals than in May. Lamb receipts contained seasonal offerings of springers from northwestern states and the native territory.

LIVE STOCK SLAUGHTER

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, June, 1927	239,694	951,292	260,724	119,283
Federally Inspected Slaughter U. S.				
June, 1927	798,816	4,252,623	1,058,150	429,579
May, 1927	785,271	3,765,720	991,533	462,191
June, 1926	852,115	3,429,508	1,080,886	480,273

June reshipments of cattle to feed lots aggregated less and those of lambs and calves greater than in the corresponding period last year; all showed a recession in volume from May.

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED		MONTHS OF	
	JULY 16 1927	JUNE 1927	MAY 1927	JUNE 1926
Native Beef Steers (average)	\$12.00	\$11.20	\$10.95	\$9.65
Fat Cows and Heifers	8.15	8.00	8.10	7.50
Hogs (bulk of sales)	9.10	8.80	9.65	14.05
Yearling Sheep	11.75	12.60	12.55	13.20
Lambs (average)	14.40	15.45	15.15	16.00

aggregated 9.5 per cent more. Average stocks for the period were smaller, although those of used cars averaged higher in value. June sales at retail and wholesale declined in the month-to-month and yearly comparisons; stocks of new and used cars on hand at the end of June were less than on May 31, while new car stocks showed a gain over the corresponding date of 1926 and used cars registered a decline. Sales made on the deferred payment plan by twenty-four dealers reporting the item, averaged 49.3 per cent of their total retail sales in June, as compared with 44.8 per cent in the preceding month and 49.1 per cent in June, 1926.

Agricultural Machinery and Equipment—The aggregate value of the agricultural machinery and equipment billed in June to domestic and foreign customers by seventy-nine manufacturers in the United States gained 24.1 per cent over May in the tractor, thresher, combination harvester-thresher group, 27.3 per cent for barn equipment, and 0.5 per cent for all other. Recessions of 10.2 per cent for light machinery, 7.4 per cent for barn equipment, and of 4.6 per cent for the heavy group were shown in comparison with sales a year ago.

PRODUCTION AND SALES OF FARM EQUIPMENT IN THE UNITED STATES

Changes in June, 1927, from previous months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	MAY 1927	JUNE 1926	
Domestic sales billed	+15.6	—7.5	79
Sales billed for export	— 2.2	—3.8	39
Total sales billed	+13.1	—7.1	79
Production	— 0.8	—9.5	77

Production computed from average employment during the month. Sales based on value.

Iron and Steel Products—Sales for June by steel mills in the Chicago district were slightly in excess of those in

the preceding month and specifications held up well. Orders on the books, however, are not large, and production has been somewhat curtailed. Unfilled orders of the United States Steel Corporation on June 30 showed a slight increase of 0.1 per cent over those on May 31, aggregating 3,053,246 tons. Average daily steel ingot output in the United States for June declined 13.7 per cent from May and was 7.2 per cent under a year ago. June pig iron production averaged 5.8 per cent under the preceding month and 4.5 per cent below June, 1926; in the Illinois and Indiana district the average of 21,634 tons daily represented declines of 5.0 and 1.9 per cent, respectively, in these comparisons.

The average composite price of fourteen leading iron and steel products, as compiled by *Iron Trade Review*, has been lower since May 11, standing on July 20 at \$36.41, as compared with \$36.85 on the former date and with \$37.67 on July 21 a year ago. Prices of scrap iron and steel have been at low levels since the middle of May.

Twenty steel casting foundries of the Seventh district made shipments in June totaling 2.4 per cent heavier in tonnage than in the preceding month and 4.1 per cent more in value; as compared with June last year, there was a decline in tonnage shipped of 10.2 per cent and in value of 10.3 per cent. Shipments of twenty-six malleable iron foundries aggregated about the same in tonnage as in May and 1.3 per cent greater in value, while the declines from a year ago were 21.5 and 21.6 per cent, respectively. June shipments of stove and furnace manufacturers reporting to this bank were less than in May but heavier than in June, 1926; orders booked declined in the former comparison and increased in the latter.

Shoe Manufacturing, Tanning, and Hides—Shoe factories in the Seventh district operated at a seasonally higher rate in June than in May, with shipments 7.8 per cent under production; both items were in excess of a year ago. Unfilled orders on the books of twenty-one companies provided them with about seven weeks' business at the current rate of distribution. Stock shoes reported on hand by twenty-five of the firms were equivalent in the aggregate to 80.7 per cent of their June shipments.

BUILDING MATERIAL AND CONSTRUCTION ACTIVITIES

Dollar sales during June of twenty-two wholesale lumber dealers increased 3.4 per cent over the May total, and 6.2 per cent over June of last year. As measured in board feet, there was a decline of 1.0 per cent in the former and an advance of 0.5 per cent in the latter comparison. A ratio of 132.7 for outstanding accounts on June 30, to total sales during the month compared with 130.3 per cent on May 31 and 116.7 on June 30, 1926. The automobile industry continued to place large orders for hardwoods, and a heavy demand from manufacturers of flooring, furniture, and boxes was noted. Stocks on the whole were not quite so large as in either May or a year ago.

Retail sales of 231 yards advanced 2.7 per cent in dollar amount over May, but fell 7.9 per cent below June, 1926, with a ratio of outstandings to sales of 299.9, compared with 293.2 and 267.7 per cent, respectively, for the preceding month and June of last year. Stocks showed little change in either the month-to-month or yearly comparison.

Improved weather conditions toward the end of June made possible the movement of considerable quantities of cement for both building and road construction. Stocks remained high, however, and production, consequently, was not heavy. Brick shipments showed a seasonal increase, with large orders on the books, and nearly all producing

CHANGES IN THE SHOE MANUFACTURING INDUSTRY IN JUNE, 1927, FROM PREVIOUS MONTHS

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	MAY 1927	JUNE 1926	
Production	+23.6	+19.0	30
Shipments	+13.5	+16.7	30
Stock shoes on hand.....	+ 9.6	+ 0.7	27
Unfilled orders	+11.8	- 0.1	21

June production and sales of leather at representative tanneries in the Seventh district exceeded those of May, and a majority of the establishments reported gains over a year ago. Prices continued upward.

Chicago trading in packer green hides and calf skins receded a little in June from the preceding period. Tanners in the Seventh district increased their volume of purchases, however, and statistics compiled by the local Board of Trade showed the total movement of hides and skins from the city somewhat larger than in May. Quotations strengthened.

Furniture—Orders booked during June by furniture manufacturers of the Seventh district declined seasonally from the preceding month, the decrease for twenty-four firms aggregating 18.8 per cent; shipments fell off 1.9 per cent, and unfilled orders were reduced 5.3 per cent; production also was slightly lower. In the comparison with June last year, orders booked and shipments showed declines, the recessions averaging 6.1 per cent in the former item and 4.7 per cent in the latter; unfilled orders on hand gained 8.3 per cent; there was a slight decline in the rate of operations in this comparison.

Raw Wool and Finished Woolens—During June the raw wool market was characterized by increased activity covering practically all grades. The demand from manufacturers broadened somewhat, and prices showed an upward tendency, advancing from one to two cents per pound between the middle of June and the middle of July. Reports for the early part of July indicate a continuance of the steady movement and maintenance of price levels, which are about on a par with the same period last year. Stocks are considered light. Foreign markets are firm. With a few manufacturers production rates have been increased to enable them to fill duplicate orders for the fall season. Preparations are being made at this time of samples for the spring lines.

plants not in operation on June 1 were opened during the month.

Building Construction—Total contracts awarded in the Seventh district during June amounted to \$138,186,720, as compared with \$103,225,858 for May and \$101,737,361 for June of last year, representing increases of 33.9 and 33.8 per cent, respectively. The total for the first six months of 1927 exceeded the same period in 1926 by 25 per cent. Residential building contracts, which for the United States as a whole have been showing steady declines for several months prior to June, have in the Seventh district made advances over the 1926 figures for all months except January and March; in April the increase reached a peak of 46.2 per cent and in June the total of \$55,354,626 was 43.3 per cent ahead of the same month last year. Contemplated new building, however, as represented in the number of permits issued throughout June by fifty leading cities, declined 6.8 per cent from the May total and was 14.4 per cent under a year ago; in estimated cost, there was an advance of 4.6 per cent over May and a decline of 6.6 per cent from June, 1926. The larger cities, though in general reporting fewer permits issued in both comparisons, showed an increase in total cost estimates.

INDUSTRIAL EMPLOYMENT CONDITIONS

A slight increase in employment during the period May 15 to June 15 contrasted with the usual recession experienced at this time of year. Manufacturing plants of the Seventh Federal Reserve district employing approximately 365,000 workers, added 0.2 per cent to this number and 2.9 per cent to the amount of their payrolls. The gains were well distributed, covering nearly all groups but the metal industries and the manufacture of chemical products which latter experienced a heavy decline due to inactivity at the oil refineries. In the metal industries, reductions affected practically all branches, pig iron and rolling mill products, structural iron, foundries and machine shops, stoves, agricultural machinery, electrical apparatus, and various others. Counteracting these losses were the unusually heavy increases recorded in food products, mainly meat packing, in men's clothing where preparations for the fall season have begun, in tanning and the manufacture of boots and shoes, and in practically all industries allied with building and construction activities.

While numerous increases were reported in the manufac-

ture of cars and locomotives as well as of automobiles, the vehicles group as a whole showed little change from the preceding month. At Detroit where employment declined over 13 per cent during the month previous to June 7, a drop of only 1.5 per cent has been reported for the five-week period subsequent to this date.

Some curtailment in employment is reported for the distributive industries, both wholesale and retail trade contributing to the decline. Outdoor work, on the other hand, is still expanding, and building and road work are absorbing a large number of workers. Although the coal mines remained practically idle, there was a slight increase reported for these also. An increase in the number of applicants for work is shown by the records at the free employment offices, with no corresponding gain in available positions. Consequently, the unemployment ratio rose from 154 per cent to 180 for Illinois; from 215 per cent to 230 for Iowa; while for Indiana, the ratio declined slightly, registering 151 as against 154 the preceding month.

EMPLOYMENT AND EARNINGS—SEVENTH FEDERAL RESERVE DISTRICT

INDUSTRIAL GROUPS	NUMBER OF WAGE EARNERS			TOTAL EARNINGS		
	JUNE 15 1927	WEEK ENDED MAY 15 1927	PER CENT CHANGE	JUNE 15 1927	WEEK ENDED MAY 15 1927	PER CENT CHANGE
All groups (10)	363,591	362,960	+0.2	\$9,846,194	\$9,567,140	+2.9
Metals and metal products (other than vehicles)	144,267	148,192	-2.6	3,680,379	3,704,047	-0.6
Vehicles	31,408	31,525	-0.4	978,453	944,443	+3.6
Textiles and textile products	26,223	26,179	+0.2	664,654	614,488	+8.2
Food and related products	52,190	49,287	+5.9	1,451,434	1,359,064	+6.8
Stone, clay, and glass products	14,884	14,151	+5.2	456,674	430,274	+6.1
Lumber and its products	31,131	30,395	+2.4	774,472	733,625	+5.6
Chemical products	11,907	12,457	-4.4	380,853	373,962	+1.8
Leather products	17,677	17,017	+3.9	374,212	345,551	+8.3
Rubber products	3,603	3,596	+0.2	97,704	93,847	+4.1
Paper and printing	30,301	30,161	+0.5	987,359	967,839	+2.0

MERCHANDISING CONDITIONS

Wholesale Trade—Better weather conditions than had prevailed for many weeks, together with an improved crop outlook, stimulated sales during June. Of the five wholesale lines reporting to this bank, shoe and hardware dealers showed slight declines from May and the others reported advances; as compared with last year, however, both June and the six-months' period indicated declines except for grocers. Collections in the monthly comparison gained for all but shoes; drug firms and grocers reported increases in this item over June, 1926.

Groceries—Thirty-four wholesale grocers reported aggregate sales for the month of June as 9.0 per cent above May and 3.6 per cent over June, 1926, with total sales for the six months 5.3 per cent larger than a year ago; over half of those reporting showed individual increases in the last comparison. Collections in the aggregate were 11.9 per cent larger than in May and 3.0 per cent above June, 1926; stocks at the end of the month had declined 4.3 and 2.0 per cent, respectively; accounts outstanding as of the same date had advanced 2.4 per cent in the first and 2.5 per cent in the second comparison.

Hardware—Sales in the wholesale hardware trade, as reported by seventeen firms, declined 0.3 per cent from May and 3.7 per cent from June, 1926; for the six-months' period, there was a 1.8 per cent decrease from the same period of last year. Stocks on June 30 were not so large as thirty days earlier, but somewhat ahead of the corresponding date of 1926; accounts receivable declined in both comparisons; and collections, though 2.3 per cent under last June, increased 5.7 per cent over May.

Dry Goods—Fourteen wholesale dry goods dealers re-

ported June sales as 8.9 per cent larger than in the preceding month and 6.5 per cent smaller than a year ago; for the year thus far total sales have declined 8.9 per cent from the same period of 1926. Stocks on June 30 were 11.1 per cent larger than on May 31 and 15.1 per cent under the total at the end of June, 1926; outstanding accounts as of this date decreased 3.3 and 4.4 per cent, respectively. Collections showed little change from May and declined 15.7 per cent in the year-to-year comparison.

Drugs—Sales of twelve wholesale drug dealers during the month of June advanced 2.8 per cent over May and fell 3.8 per cent under June, 1926, with total sales for the half year 6.1 per cent less than for the first six months of 1926. Collections increased 6.8 and 0.4 per cent in the respective monthly and yearly comparisons. Total stocks at the end of June were not so large as either thirty days or a year previous, and receivables declined 1.5 and 9.8 per cent, respectively.

Shoes—Shoe sales during June, according to nine wholesale dealers, dropped 0.6 per cent below the May total, and 12.0 per cent under June of last year, while the aggregate for the first six months of 1927 was 10.1 per cent less than the same period in 1926. Collections were 3.6 per cent smaller in the month-to-month and 16.4 per cent less in the yearly comparison. Individually more firms reported increases over May than declines. Stocks and receivables as of June 30 fell 7.7 and 6.5 per cent, respectively, under the preceding month, and 4.7 and 11.5 per cent under June of last year.

Department Store Trade—Total sales during June of eighty-six department stores advanced 1.3 per cent over

June, 1926, owing chiefly to business in the larger cities; as compared with May the seasonal influence was reflected in a decline of 1.1 per cent. Sales for the six-months' period exceeded those of the first half of 1926 by 1.6 per cent. Stocks and collections were smaller in both the month-to-month and year-to-year comparisons; outstanding accounts, while decreasing in the former, ran 6.3 per cent ahead of last June. The ratio of collections during June to accounts outstanding on May 31 was 39.2 per cent as compared with 42.0 a year ago; orders outstanding amounted to 9.8 per cent of total purchases for the year 1926 as compared with 7.5 per cent the month preceding. Total sales represented 32.8 per cent of average stocks in June, and 31.6 per cent a year ago; for the six-months' period this turnover percentage was 185 in 1927 and 180 in 1926.

Retail Furniture Trade—Retail furniture sales in June, as indicated by reports received from twenty-three dealers and the same number of department stores, continued the downward trend noted in May, but showed a total approximately equal to that of a year ago. Installment sales declined 27.8 per cent from the preceding month, as compared with a decrease of 22.9 per cent for sales of all classes, and were 2.9 per cent below June, 1926. Total collections of dealers dropped 17.9 and 18.8 per cent under May and a year ago, and those on installment accounts were smaller by 13.1 and 17.9 per cent. Outstanding accounts as of June 30 were

larger than last year and about the same as at the end of May.

Retail Shoe Trade—Sales of seventeen retail shoe dealers and the shoe departments of twenty-two department stores advanced 6.9 per cent over May and 2.1 per cent over June, 1926; total sales for the year so far were about equal to the same period of 1926, whereas at the end of May they had been under the 1926 cumulative figure. Total stocks at the end of June had decreased 3.4 per cent from the May 31 total and 4.0 per cent from the end of June, 1926. Collections during the month and accounts receivable on June 30 declined in both comparisons, collections being 4.4 and 20.0 per cent smaller and receivables 4.3 and 29.0 per cent less, respectively. The ratio of accounts outstanding on June 30 to total sales during the month was 62.0 per cent, as compared with 63.3 at the end of May and 82.3 a year ago.

Chain Stores—According to reports of nine chain store systems representing dealers in groceries, drugs, shoes, and musical instruments, aggregate sales for June were under both May and a year ago, with the six months' total smaller than for the same period of 1926. Most marked advances in the three comparisons were made by drug and the larger grocery chains, while shoe and musical instrument groups indicated declines. The number of operating units increased in the aggregate in all comparisons.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the month indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve District unless otherwise noted.)

	No. of June Firms	June 1927	May 1927	June 1926	May 1926
Meat Packing—(U. S.)—					
Sales (in dollars)	62	104.7	108.0	118.6	116.8
Casting Foundries—					
Shipments (in dollars)	27	84.7	81.0	100.3	98.4
Stoves and Furnaces—					
Shipments (in dollars)	13	84.4	90.3	83.2	80.9
Agricultural Machinery & Equipment—(U. S.)—					
Domestic Sales (in dollars)	90	177.5	153.9	191.4	155.9
Exports (in dollars)	60	120.5	124.0	124.4	144.4
Total Sales (in dollars)	90	168.2	149.1	180.7	154.1
Production	88	137.8	145.3	143.8	145.4
Furniture—					
Orders (in dollars)	19	78.3	97.0	81.3	104.3
Shipments (in dollars)	19	85.6	84.2	87.5	97.4
Shoes—¹					
Production (in pairs)	34	117.9	96.9	97.6	82.4
Shipments (in pairs)	34	109.2	96.7	93.1	87.0
Electric Energy—					
Output of Plants (KWH)	8	125.5	128.5	115.3	115.6
Industrial Sales (KWH)	8	149.3	150.0	136.6	126.8
Flour—					
Production (in bbls.)	34	97.8	88.6	101.2	88.2
Output of Butter by Creameries—					
Production	76	177.0	158.6	162.7	143.1
Sales	76	148.4	130.3	142.0	114.9
Automobiles—					
Distribution in Middle West:					
New Cars—Wholesale—Number sold..	28	119.8	182.2	168.7	166.9
Value	28	100.8	141.5	144.3	156.5
New Cars—Retail—Number sold..	48	93.0	107.8	130.4	159.2
Value	48	114.1	125.1	126.6	163.3
New Cars—On Hand—Number	42	112.5	118.8	98.8	114.0
Value	42	119.3	130.0	89.0	108.1
Used Cars—Number sold..	41	160.5	163.4	163.1	184.2
Used Cars—On Hand—Number	41	122.1	131.6	127.1	145.4
Value	41	123.0	124.3	103.6	117.0
Production (U. S.): Passenger Cars..		94.7	121.6	117.2	128.8
Trucks		125.0	134.5	126.9	137.1
Freight Carloadings—(U. S.)—					
Grain and Grain Products		90.0	86.8	92.6	87.6
Live Stock		83.9	87.9	83.7	84.3
Coal		91.0	93.9	103.1	97.9
Coke		89.8	90.3	99.4	100.0
Forest Products		97.7	99.6	106.5	107.8
Ore		171.7	154.9	182.9	144.9
Merchandise and Miscellaneous		112.7	111.8	112.4	112.5
Total		107.7	107.1	111.0	108.5
Iron and Steel—					
Pig Iron Production: ²					
Illinois and Indiana		124.8	131.3	127.3	123.7
United States		104.9	111.4	109.8	114.4
Steel Ingot Production—(U. S.) ³ ..		100.0	115.9	107.8	113.4
Unfilled Orders U. S. Steel Corp.		63.9	63.9	72.8	76.4
Wholesale Trade—					
Net Sales (in dollars):					
Groceries	38	111.5	100.7	107.9	97.7
Hardware	19	99.4	101.5	103.1	116.4
Dry Goods	13	76.9	70.1	82.2	84.9
Drugs	11	97.0	95.8	102.6	97.9
Shoes	9	71.8	72.3	80.3	92.4
Retail Trade (Dept. Stores)—					
Net Sales (in dollars):					
Chicago	7	105.8	102.6	105.4	106.7
Detroit	5	125.3	123.2	121.1	126.4
Indianapolis	5	99.0	100.3	93.7	104.1
Milwaukee	6	102.3	112.3	105.4	114.9
Outside	57	94.6	96.2	98.4	111.7
Seventh District	80	107.6	109.0	107.2	116.3
Retail Trade—(U. S.)—⁴					
Department Stores	359	130	131	130	137
Mail Order Houses	4	115	106	113	105
Chain Stores:					
Grocery	27	398	382	309	322
Drug	9	210	206	184	188
Shoe	6	155	143	153	174
Five and Ten Cent	5	224	224	204	214
Candy	5	215	216	204	220
Music	4	87	88	118	109
Cigar	3	151	157	152	160
Stamp Tax Collections—⁴					
Sales or Transfers of Capital Stock		92.8	88.3	150.3	82.9
Sales of Produce on Exchange—Futures ..		99.5	57.3	84.3	100.1
U. S. Primary Markets—⁵					
Grain Receipts:					
Oats		48.3	57.5	66.1	60.1
Corn		122.3	60.1	111.4	56.3
Wheat		59.9	55.1	66.8	45.2
Grain Shipments:					
Oats		49.8	75.9	57.1	94.4
Corn		62.4	45.0	52.2	58.1
Wheat		50.4	49.9	47.8	57.3
Building Construction—					
Contracts Awarded (in dollars):					
Residential		192.7	147.3	134.5	129.3
Total		205.4	153.4	151.2	141.2
Permits:					
Chicago	Number	82.5	86.4	92.2	103.1
Cost		101.9	101.4	114.4	112.0
Indianapolis	Number	107.1	103.2	130.0	113.8
Cost		184.9	109.7	95.7	90.3
Des Moines	Number	53.6	58.8	68.0	111.3
Cost		48.1	34.4	32.0	155.7
Detroit	Number	85.1	92.1	137.7	144.6
Cost		146.1	94.8	133.1	147.1
Milwaukee	Number	111.9	119.9	119.0	124.6
Cost		106.0	160.7	103.6	112.7
Others (45)	Number	122.8	134.7	127.0	151.2
Cost		140.5	164.8	181.4	166.2
Fifty Cities	Number	105.8	113.5	123.6	136.3
Cost		122.9	117.6	131.6	131.7

1. Monthly average of mean of production and shipments in 1923-24-25=100; 2. Average daily production; 3. Monthly average 1919=100; 4. First Illinois internal revenue district; 5. Monthly average receipts 1923-24-25=100.

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